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September 8, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: *Notice of Ex Parte Presentation*
 (IB Docket No. 00-91) /
 Availability of INTELSAT Space Segment Capacity to Users and Service Providers
 *Seeking to Access INTELSAT Directly***

Dear Ms. Salas:

On behalf of Lockheed Martin Global Telecommunications, Inc. ("LMGT"), submitted herewith pursuant to Section 1.1206(b)(2) of the Commission's rules are an original and one copy of this notice regarding a permitted oral *ex parte* presentation. On September 8, 2000, at 10:00 a.m., representatives of LMGT met with FCC staff regarding the above-referenced rulemaking. The following LMGT representatives were in attendance: John Mattingly, President and General Manager, Satellite Services & Ventures; Howard Polsky, General Counsel; Gerald Musarra, Vice President, Government and Regulatory Affairs; and Susan Miller, Vice President of Engineering and Operations, LMGT World Systems. Lawrence Secrest of Wiley, Rein & Fielding also attended on behalf of LMGT. These individuals met with Bryan Tramont, Legal Advisor to Commissioner Furchtgott-Roth; Mark Schneider, Senior Legal Advisor to Commissioner Ness; Adam Krinsky, Legal Advisor to Commissioner Tristani; and Clint Odom, Legal Advisor to Chairman Kennard. The parties discussed the above-referenced rulemaking proceeding and expressed views consistent with those detailed in the comments filed by COMSAT Corporation and Lockheed Martin Corporation in this docket and the attached presentation. (The acquisition of COMSAT Corporation by Lockheed Martin Corporation has now been completed).

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List A B C D E

Ms. Magalie Roman Salas
September 8, 2000
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Please date-stamp the attached duplicate upon receipt and return it via messenger for our records. If any questions arise concerning this matter, kindly contact the undersigned.

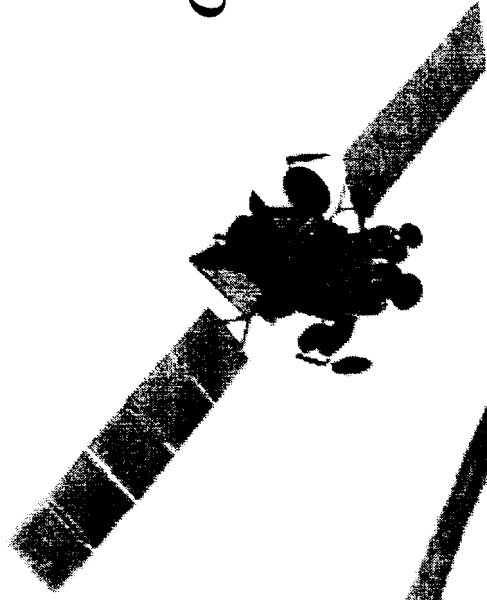
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eve Klindera", written in a cursive style.

Eve Klindera*

cc: Bryan Tramont
Mark Schneider
Adam Krinsky
Clint Odom

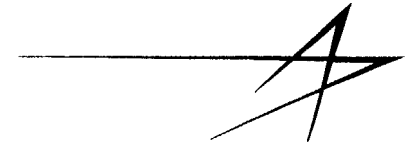
* Admitted to the Maryland Bar only. Practice limited to Federal Courts and Agencies.



LOCKHEED MARTIN
Global Telecommunications

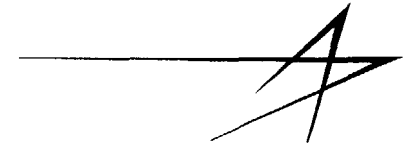
INTELSAT Capacity Update World Systems

Temporary Shortage of INTELSAT Capacity



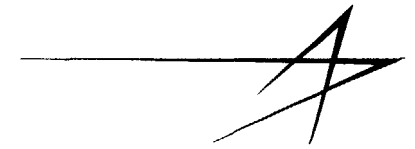
- Over 80% of INTELSAT's capacity is currently in use
- Many satellite beams are completely sold out
- Demand being driven by surge in Internet traffic
- U.S. and foreign customers compete for the same capacity
- Signatories and direct access customers are treated identically

LMGT World Systems Is Value-Added Supplier



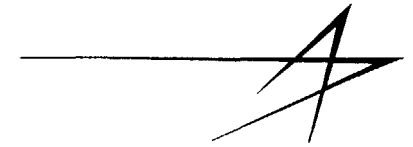
- Buying capacity through us is not the same as buying directly from INTELSAT but customers have that choice
- Direct access is working - per FCC's criteria, competition has increased, as has pressure to offer very high value **and** good price to customers who have other options
- Customer issues are being addressed successfully through genuine commercial negotiations, that's why AT&T is not here

We Are Fully Utilizing Our Capacity



- We have rights to only **22%** of the capacity on INTELSAT satellites serving the U.S.
- Over **97%** of our capacity is currently leased to customers
- Once our lease commitments expire, we routinely relinquish capacity for which we have no customers
- Holding on to capacity would be against the financial interests of LMGT
- We have to pay for capacity whether we have a customer or not

Direct Access Opportunities Are Available Today and Are Expanding



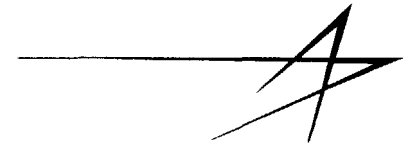
- Despite the current capacity shortage, U.S. direct access has increased by an average of **60%** each month
- INTELSAT capacity on satellites that can serve the U.S. will increase by **45%** over the next three years
- We have **no** contractual rights to **any** of this incremental capacity
- Additional capacity will also become available from all INTELSAT users, whenever their commitments expire and are not renewed

Contractual Renewal Rights Are Enjoyed by All Signatories and Direct Access Users



- All INTELSAT customers (including direct access customers) have the same renewal rights
- All LMGT customers have the same renewal rights
- LMGT does not remarket capacity unless its existing customer has declined to renew
- LMGT does not renew capacity unless it has a customer
- All INTELSAT customers are free to use “the INTELSAT Challenge Process” to obtain capacity held by others

The Benefits of Direct Access Will Be Retained After Privatization



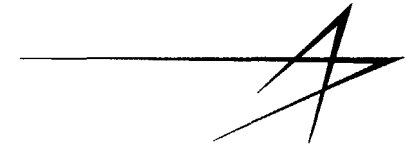
- Current direct access customers will have the same ability as Signatories to novate existing contracts to New INTELSAT
- New INTELSAT distribution agreement will be non-exclusive and open to any direct access customer to sign
- New INTELSAT will provide service directly to customers on both a wholesale and retail basis
- Direct customer interaction with INTELSAT will continue to expand at privatization
- Long-term LMGT investment goal: a private INTELSAT that is a strong, nimble commercial services provider

The Marketplace Is Working



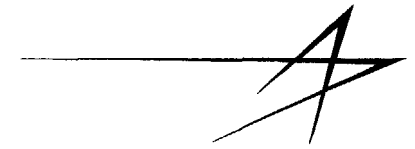
- Our prices for both new and renewed capacity have declined sharply since the advent of direct access
- Business management of customer companies has been generally satisfied with us
- Virtually all of our major customers have been authorized to obtain access directly from INTELSAT
- Only **four** of those customers even bothered to participate in this proceeding
- Of those four, only **one** (WorldCom) has alleged difficulty obtaining capacity on the basis of direct experience --- and that “problem” was manufactured for this proceeding
- Opportunities for direct access are available now and will expand as existing commitments expire and INTELSAT adds more capacity

WORLDCOM Problem



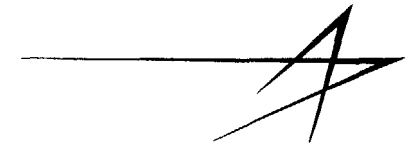
- WorldCom has preferred a regulatory/legislative solution instead of a market solution for past two years
- Business representatives of the two companies signed a contract amendment in May 2000
 - Immediate cost savings for WorldCom
 - Commitment to negotiate comprehensive agreement
- WorldCom continues to propose
 - A “network management fee”
 - “Frequency change”

What is a “Frequency Change”?



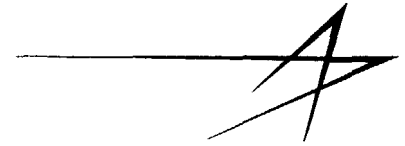
- A frequency change is an agreement to relocate an existing circuit
- A frequency change is appropriate:
 - *To increase spectrum efficiency*
 - *To aggregate capacity and reduce cost*
 - *To solve interference problems*
 - *When all affected parties have consented*
- WorldCom’s “frequency change” proposal meets **none** of these criteria

WORLD COM's "Frequency Change" Proposal



- Proposal is **not** a frequency change, but rather an ownership change
- Proposal would evict us from capacity we bought, **improved**, and must continue to pay for

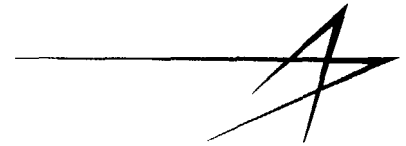
WORLDCOM



- Only (and relentless) complainer
- Artful packager - see “network management fee”, “portability” and “frequency change”
- Looking for **governmental**, not commercial solutions

WE CONTINUE TO STAND READY
TO HAVE REAL COMMERCIAL
NEGOTIATIONS WITH WORLDCOM

Any FCC Action Should Be Narrowly Targeted



- The FCC should conclude that, generally, there **is** “sufficient opportunity” for direct access given current market conditions
- If the FCC were to direct the parties to seek a marketplace solution, that effort should focus solely on parties that have raised issues in this proceeding
- Any FCC oversight should recognize business realities and not distort the negotiating process